

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ☐ ELECTRIC LOGS ☐ FILE ☒ WATER SANDS ☐ LOCATION INSPECTION ☐ SUB. REPORT/abd. ☐

990505 LA'D, eff 5-3-99!

DATE FILED JANUARY 23, 1997

LAND: FEE & PATENTED

STATE LEASE NO.

PUBLIC LEASE NO.

U-66185

INDIAN

DRILLING APPROVED: APRIL 21, 1997

SPUDDED IN:

COMPLETED:

PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED:

LA'D 5-3-99

FIELD:

UNDESIGNATED

UNIT:

COUNTY:

DUCHESNE

WELL NO.

ASHLEY FEDERAL 7-23

API NO. 43-013-31785

LOCATION

1830 FNL

FT. FROM (N) (S) LINE.

1962 FEL

FT. FROM (E) (W) LINE.

SW NE

1/4 - 1/4 SEC.

23

TWP.

RGE.

SEC.

OPERATOR

TWP.

RGE.

SEC.

OPERATOR

9S

15E

23

INLAND PRODUCTION

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO.

U-66185

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐

1b. TYPE OF WELL

OIL GAS SINGLE MULTIPLE
WELL ☒ WELL ☐ OTHER ☐ ZONE ☐ ZONE ☐

2. NAME OF OPERATOR

Inland Production Company

3. ADDRESS OF OPERATOR

P.O. Box 790233 Vernal, UT 84079

Phone: (801) 789-1866

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At Surface SW/NE

At proposed Prod. Zone 1830' FNL & 1962' FEL
568 598

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Ashley Federal

9. WELL NO.

#7-23

10. FIELD AND POOL OR WILDCAT

11. SEC., T., R., M., OR BLK.

AND SURVEY OR AREA

Sec. 23, T9S, R15E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 ± Miles southwest of Myton, Utah

12. County

Duchene

13. STATE

UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY
OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

1830'

16. NO. OF ACRES IN LEASE

2286

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL,
DRILLING, COMPLETED; OR APPLIED FOR ON THIS LEASE, FT.

1680'

19. PROPOSED DEPTH

6500'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6277' GR

22. APPROX. DATE WORK WILL START*

First Quarter 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	300'	120 sx
7 7/8"	5 1/2"	15.5#	TD	400 sx followed by 330 sx
				See Detail Below

The actual cement volumes will be calculated off of the open hole logs, plus 15% excess.

SURFACE PIPE - Premium Plus Cement, w/ 2% CaCl₂, 1/4# Flocele/skWeight: 14.8 PPG YIELD: 1.37 Cu Ft/sk H₂O Req: 6.4 Gal/sk

LONG STRING - Lead: Hibond 65 Modified

Weight: 11.0 PPG YIELD: 3.00 Cu Ft/sk H₂O Req: 18.08 Gal/sk

Tail: Premium Plus Thixotropic

Weight: 14.2 PPG YIELD: 1.59 Cu Ft/sk H₂O Req: 7.88 Gal/sk

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone.

If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Brad Mecham

TITLE District Manager

DATE

1/10/97

(This space for Federal or State office use)

PERMIT NO.

43-013-31785

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

John R. Baya

Petroleum Engineer

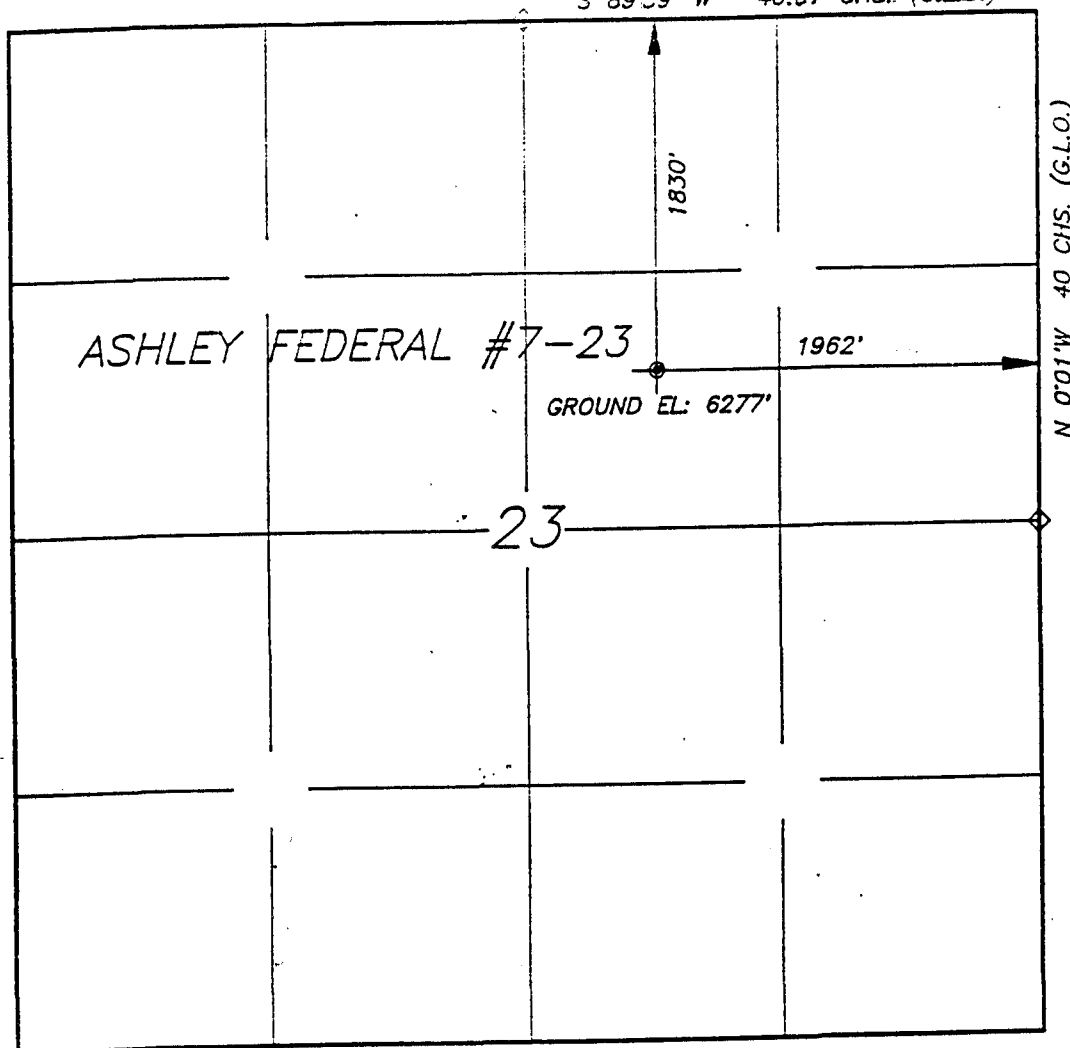
4/21/97

*See Instructions On Reverse Side

INLAND PRODUCTION CO.
WELL LOCATION PLAT
ASHLEY FEDERAL #7-23

LOC. IN THE SW 1/4 OF THE NE 1/4
SECTION 23, T9S. R15E, S.L.B.&M.

S 89°59' W 40.07 CHS. (G.L.O.)

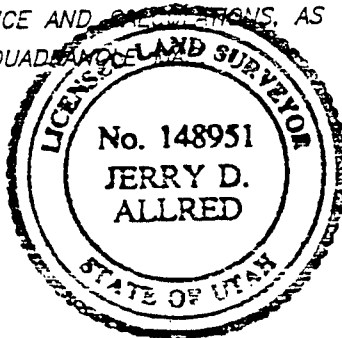


SCALE: 1" = 1000'

LEGEND AND NOTES

- ◇ ORIGINAL CORNER MONUMENTS FOUND AND USED BY THIS SURVEY.

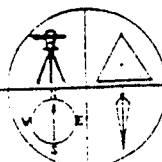
THE GENERAL LAND OFFICE (G.L.O.) PLAT WAS USED FOR REFERENCE AND CALCULATIONS, AS WAS THE U.S.G.S. QUAD.



SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY PERFORMED BY ME, DURING WHICH THE SHOWN MONUMENTS WERE FOUND OR ESTABLISHED.

Jerry D. Allred
JERRY D. ALLRED, REGISTERED LAND SURVEYOR,
CERTIFICATE NO. 148951 (UTAH)



JERRY D. ALLRED & ASSOCIATES
SURVEYING CONSULTANTS

121 NORTH CENTER STREET
P.O. BOX 975
DUCHESTER, UTAH 84021
(801)-738-5352

**INLAND PRODUCTION COMPANY
ASHLEY FEDERAL #7-23
SW/NE SECTION 23, T9S, R15E
DUCHESNE COUNTY, UTAH**

TEN POINT WELL PROGRAM

1. GEOLOGIC SURFACE FORMATION:

Uinta formation of Upper Eocene Age

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:

Uinta	0' - 3050'
Green River	3050'
Wasatch	6500'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

Green River Formation 3050' - 6500' - Oil

4. PROPOSED CASING PROGRAM

8 5/8", J-55, 24# w/ ST&C collars; set at 300' (New)
5 1/2", J-55, 15.5# w/ LT&C collars; set at TD (New)

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

The operators minimum specifications for pressure control equipment are as follows:

A 8" Series 900 Annular Bag type BOP and a 8" Double Ram Hydraulic unit with a closing unit will be utilized. Function test of BOPS's will be checked daily.

(See Exhibit F)

6. TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATION MUDS:

The well will be drilled with fresh water through the Uinta Formation. From the top of the Green River Formation @ 3050' \pm , to TD, a fresh water/polymer system will be utilized. If necessary to control formation fluids, the system will be weighted with the addition of bentonite gel, and if conditions warrant, barite. Clay inhibition will be achieved with additions or by adding DAP (Di-Ammonium Phosphate, commonly known as fertilizer). This fresh water system will contain Total Dissolved Solids (TDS) of less than 3000 PPM. Neither potassium chloride or chromate's will be utilized in the fluid system. The anticipated mud weight is 8.4 ppg and weighted as necessary for gas control.

7. AUXILIARY SAFETY EQUIPMENT TO BE USED:

Auxiliary safety equipment will be a Kelly Cock, bit float, and a TIW valve with drill pipe threads.

8. TESTING, LOGGING AND CORING PROGRAMS:

No drill stem testing has been scheduled for this well. It is anticipated at this time that the logging will consist of a Dual Induction Laterolog, Gamma Ray/Caliber from TD to base of surface casing @ 300' \pm , and a Compensated Neutron-Formation Density Log. Logs will run from TD to 3500' \pm . The cement bond log will be run from PBTD to cement top. An automated mud logging system will be utilized while drilling to monitor and record penetration rate, and relative gas concentration, in the fluid system.

9. ANTICIPATED ABNORMAL PRESSURE OR TEMPERATURE:

The anticipated bottom hole pressure is 1800 psi. It is not anticipated that abnormal temperatures will be encountered; nor that any other abnormal hazards such as H₂S will be encountered in this area.

10. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS:

It is anticipated that the drilling operations will commence in the first quarter of 1997, and take approximately six days to drill.

**INLAND PRODUCTION COMPANY
ASHLEY FEDERAL #7-23
SW/NE SECTION 23, T9S, R15E
DUCHESNE COUNTY, UTAH**

THIRTEEN POINT WELL PROGRAM

1. EXISTING ROADS

See attached Topographic Map "A"

To reach Inland Production Company well location site Ashley Federal #7-23 located in the SW 1/4 NE 1/4 Section 23, T9S, R15E, S.L.B. & M. Duchesne County, Utah:

Proceed westerly out of Myton, Utah along Highway 40 - 1.5 miles \pm to the junction of this highway and Utah State Highway 53; proceed southerly along Utah State Highway 53 - 1.7 miles to its junction with an existing paved road to the southwest; proceed southwesterly along this road 9.6 miles to the junction of an existing road, to the southwest; proceed southwesterly along this road 2.8 miles to the intersection of the proposed access road, to be discussed in Item #2.

The highways mentioned in the foregoing paragraph are bituminous surfaced roads to the point where Highway 53 ends, thereafter the roads are constructed with existing materials and gravel. The highways are maintained by Utah State road crews. All other roads are maintained by County Crews.

The aforementioned dirt oil field service roads and other roads in the vicinity are constructed out of existing native materials that are prevalent to the existing area they are located in and range from clays to a sandy-clay shale material.

The roads required for access during the drilling, completion and production phase will be maintained at the standards required by the BLM or other controlling agencies. This maintenance will consist of some minor grader work for smoothing road surfaces and for snow removal.

2. PLANNED ACCESS ROAD

See Topographic Map "B".

The planned access road was moved approximately 150' to the north, to avoid trees and rock (per BLM request, and Inland.) The restaked access road leaves the existing location described in Item #1 in the SE 1/4 NW 1/4 Section 23, T9S, R15E S.L.B., and proceeds in a westerly direction, approximately 1100' to the proposed location site.

The proposed access road will be an 18' crown road (9' either side of the centerline) with drainage ditches along either side of the proposed road whether it is determined necessary in order to handle any run-off from normal meteorological conditions that are prevalent to this area. The maximum grade will be less than 8%.

There will be no culverts required along this access road. There will be water turnouts constructed along this road. and

There are no fences encountered along this proposed road. There will be no new gates or cattle guards required.

All construction material for this access road will be borrowed material accumulated during construction of the access road.

3. **LOCATION OF EXISTING WELLS**

There is one (1) Inland Production Co. well, and two (2) P&A Diamond Shamrock wells, within a one (1) mile radius of this location. See Exhibit "D".

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

There are no existing facilities that will be used by this well.

It is anticipated that this well will be a producing oil well.

Upon construction of a tank battery the well pad will be surrounded by a dike of sufficient capacity to contain at minimum the entire contents of the largest tank within the facility battery.

Tank batteries will be built to BLM specifications.

All permanent (on site for six (6) months or longer) structures, constructed or installed (including pumping units), will be painted Desert Tan. All facilities will be painted within six months of installation.

5. **LOCATION AND TYPE OF WATER SUPPLY**

Inland Production Company has purchased a 3" water connection with Johnson Water District to supply the Monument Butte, Travis, and Gilsonite oil fields. Johnson Water District has given permission to Inland Production Company to use water from this system, for the purpose of drilling and completing the Ashley Federal #7-23.

In the event this water source is not used, an alternate source will be used and all the necessary arrangements will be made with the proper authorities.

There will be no water well drilled at this site.

6. **SOURCE OF CONSTRUCTION MATERIALS**

See Location Layout Sheet - Exhibit "E".

All construction material for this location shall be borrowed material accumulated during construction of the location site and access road.

A mineral material application is not required for this location.

7. **METHODS FOR HANDLING WASTE DISPOSAL**

See Location Layout Sheet - Exhibit "E".

A small reserve pit (80' X 30' X 6' deep, or less) will be constructed from native soil and clay materials. A water processing unit will be employed to continuously recycle the drilling fluid as it is used, returning the fluid component to the drilling rig's steel tanks. The reserve pit will primarily receive the processed drill cuttings (wet sand, shale & rock) removed from the well bore. Any drilling fluids which do accumulate in the pit as a result of shale-shaker carryover, cleaning of the sand trap, etc., will be promptly reclaimed by the water recycling unit and then returned to the steel rig tanks. All drilling fluids will be fresh water based, containing DAP (Di-Ammonium Phosphate, commonly known a fertilizer,) typically containing Total Dissolved Solids of less than 3000 PPM. No potassium chloride chromates, trash, debris, nor any other substance deemed hazardous will be placed in this pit. Therefore, it is proposed that no synthetic liner be utilized in the reserve pit.

All completion fluids, frac gels, etc., will be contained in steel tanks and hauled away to approved commercial disposal, as necessary.

A portable toilet will be provided for human waste.

A trash basket will be provided for garbage (trash) and hauled away to an approved disposal site at the completion of the drilling activities.

Immediately upon first production, all produced water will be confined in storage tanks. Inland requests temporary approval to transfer the produced water to Inland's nearby waterflood, for re-injection into the waterflood reservoirs via existing approved injection wells. Within 90 days of first production, a water analysis will be submitted to the Authorized Officer, along with an application for approval of this, as a permanent disposal method.

8. **ANCILLARY FACILITIES**

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. **WELL SITE LAYOUT**

See attached Location Layout Sheet - Exhibit "E".

The reserve pit will be located on the northwest side, between stakes 4 & 5.

There will be no flare pit on this well.

The stockpiled topsoil (first six (6) inches) will be stored on the east corner, near stake #8.

Access to the well pad will be from the southwest side, between stakes 2 & 3.

Fencing Requirements

All pits will be fenced according to the following minimum standards:

- a) A 39 inch net wire shall be used with at least one strand of barbed wire on top of the net.
- b) The net wire shall be no more than two (2) inches above the ground. The barbed wire shall be three (3) inches above the net wire. Total height of the fence shall be at least forty-two (42) inches.
- c) Corner posts shall be cemented and/or braced in such a manner to keep tight at all times.
- d) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than sixteen (16) feet.
- e) All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three (3) sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. PLANS FOR RESTORATION OF SURFACE

- a) *Producing Location*

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, material, trash and junk not required for production.

The reserve pit and that portion of the location not needed for production facilities/operations will be re contoured to the approximated natural contours. The reserve pit will be reclaimed within one hundred twenty (120) days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed.

When the drilling and completion phase ends, reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. The seed mixture will be per B.L.M. and stated in the conditions of approval.

- b) *Dry Hole Abandoned Location*

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the B.L.M. will attach the appropriate surface rehabilitation conditions of approval.

11. SURFACE OWNERSHIP - Bureau Of Land Management

12. **OTHER ADDITIONAL INFORMATION**

- a) Inland Production Company is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, Inland is to immediately stop work that might further disturb such materials, and contact the Authorized Officer.
- b) Inland Production will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. On B.L.M. administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other possible hazardous chemicals.
- c) Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without B.L.M. authorization. However, if B.L.M. authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

The Archaeological Cultural Resource Survey Report is on file with the BLM.

Additional Surface Stipulations

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws and regulations. Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. Inland Production is fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

Hazardous Material Declaration

Inland Production Company guarantees that during the drilling and completion of the Ashley Federal #7-23 we will not use, produce, store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Superfund Amendments and Reauthorization Act (SARA) of 1986. Inland also guarantees that during the drilling and completion of the Ashley Federal #7-23 we will use, produce, store, transport or dispose less than the threshold planning quantity (T.P.Q.) of any extremely hazardous substances as defined in 40 CFR 355.

A complete copy of the approved APD, if applicable, shall be on location during the construction of the location and drilling activities.

Inland Production Company or a contractor employed by Inland Production shall contact the B.L.M. office at (801) 789-1362, 48 hours prior to construction activities.

The B.L.M. office shall be notified upon site completion prior to moving on the drilling rig.

13. LESSEE'S OR OPERATORS REPRESENTATIVE AND CERTIFICATIONRepresentative

Name: Brad Mecham
Address: P.O. Box 1446 Roosevelt, Utah 84066
Telephone: (801) 722-5103

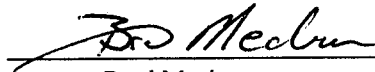
Certification

Please be advised that INLAND PRODUCTION COMPANY is considered to be the operator of Well #7-23 SW/NE Section 23, Township 9S, Range 15E: Lease #U-66185 Duchesne County, Utah: and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Hartford Accident #4488944.

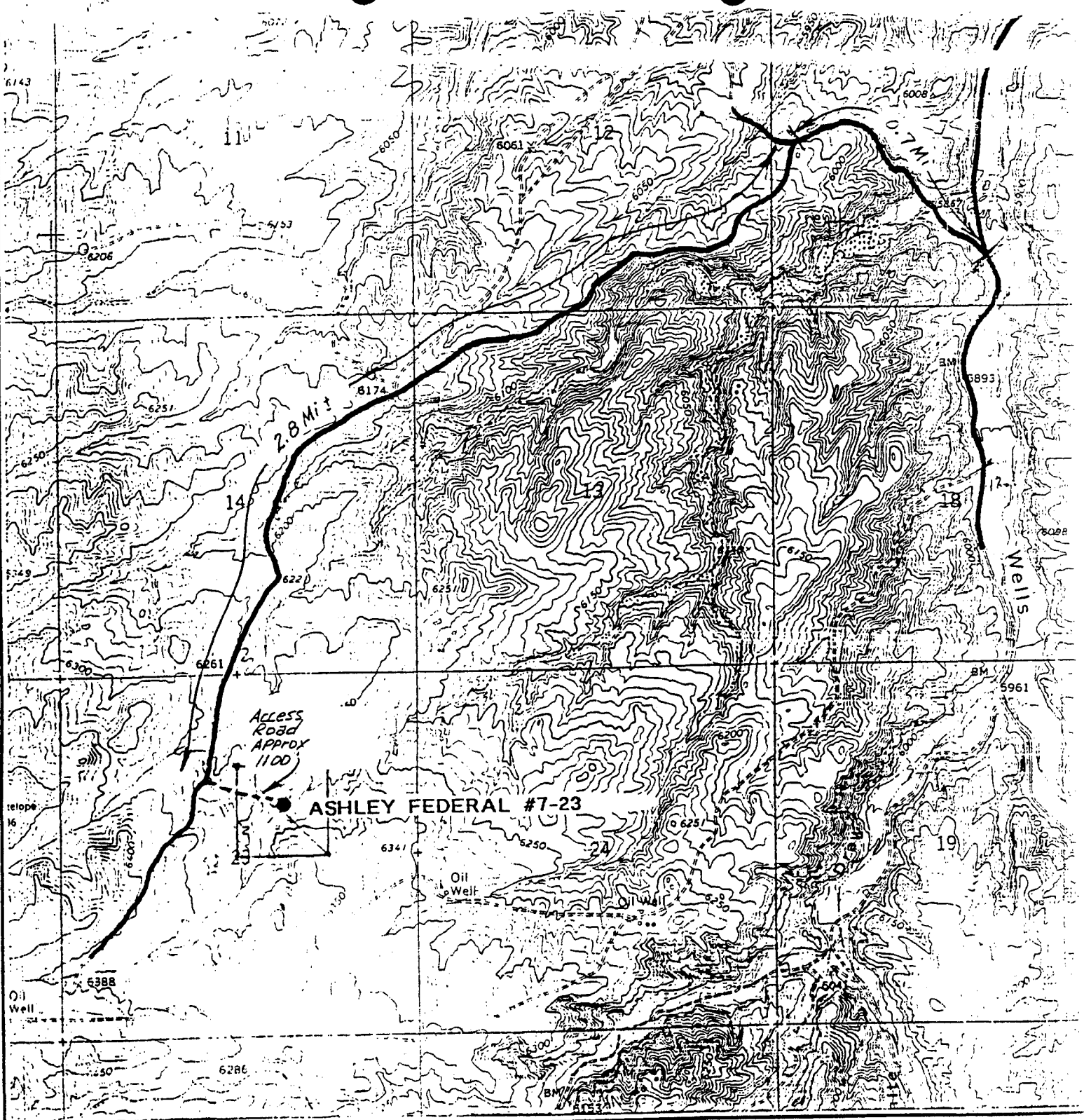
I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Inland Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

1-16-97

Date



Brad Mecham
District Manager



TOPOGRAPHIC
MAP "B"
SCALE: 1"=2000'



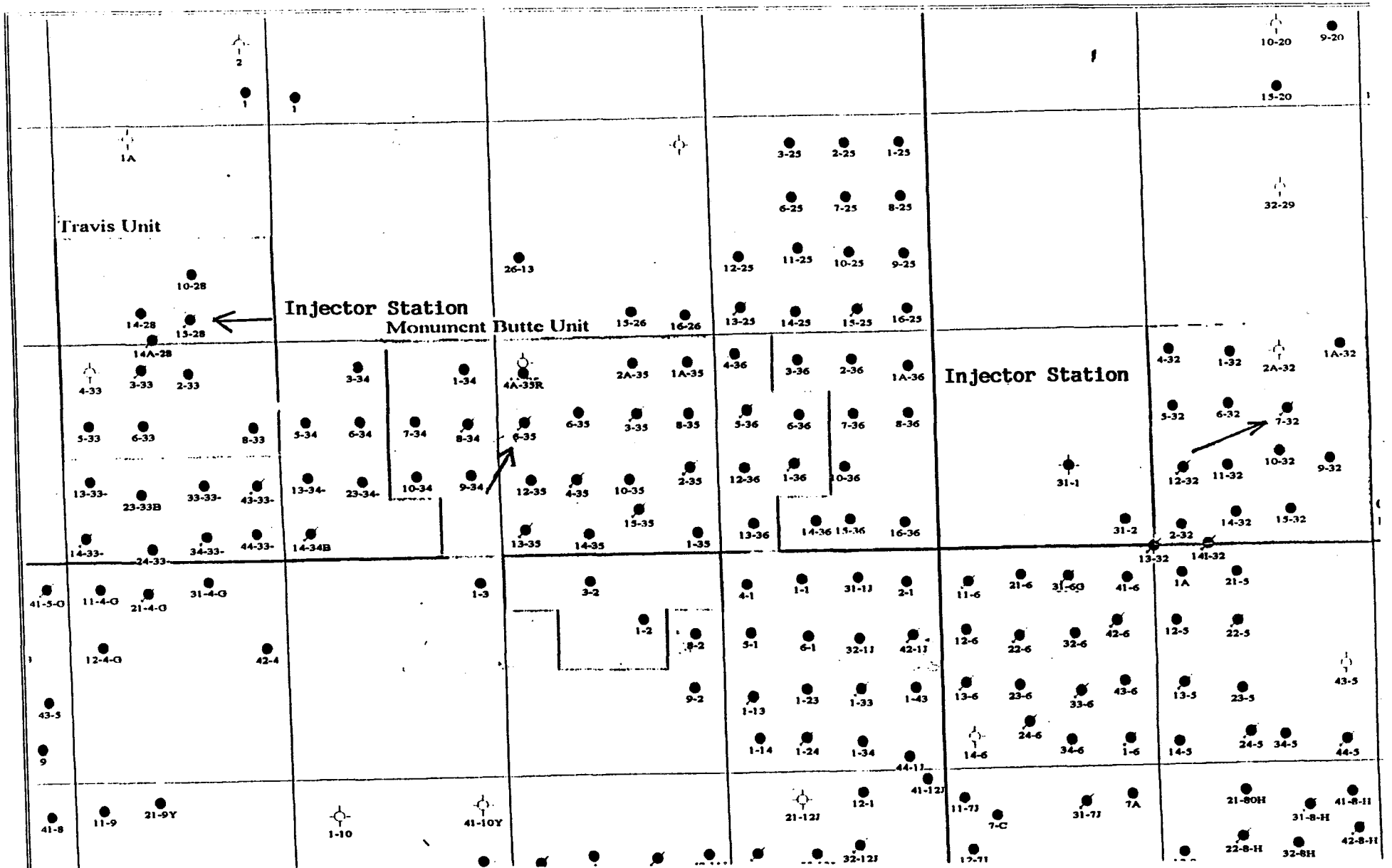
INLAND PRODUCTION COMPANY

ASHLEY FEDERAL #7-23
SECTION 23, T9S, R15E, S.L.B.&M.

12 Oct '95

84-121-030

EXHIBIT "C"



475 17th Street Suite 1500
Denver, Colorado 80202
Phone: (303)-292-0900

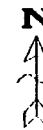
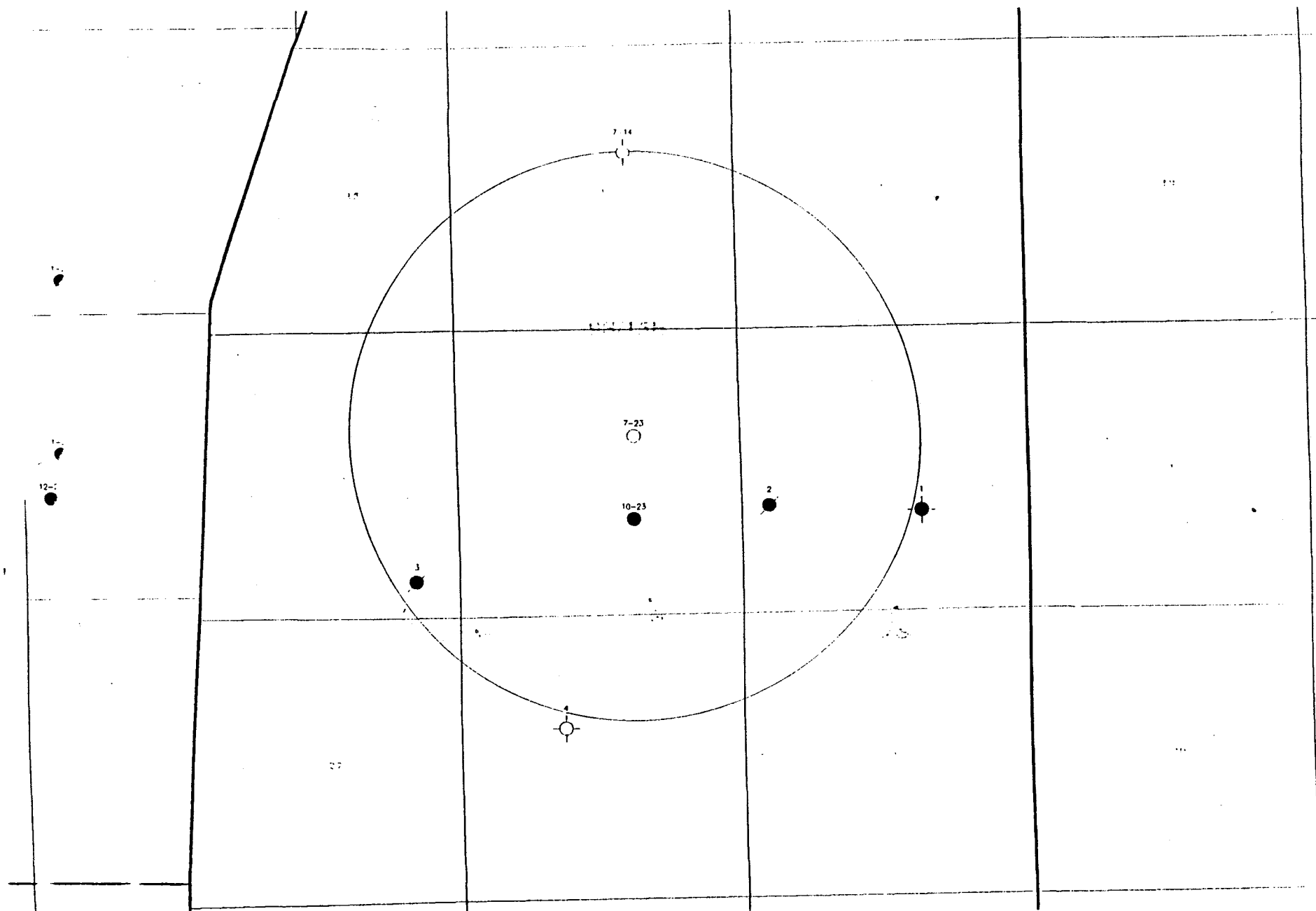
Regional Area

Duchene County, Utah

Date 3/7/96

JA

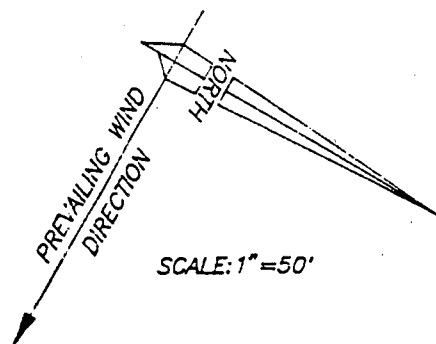
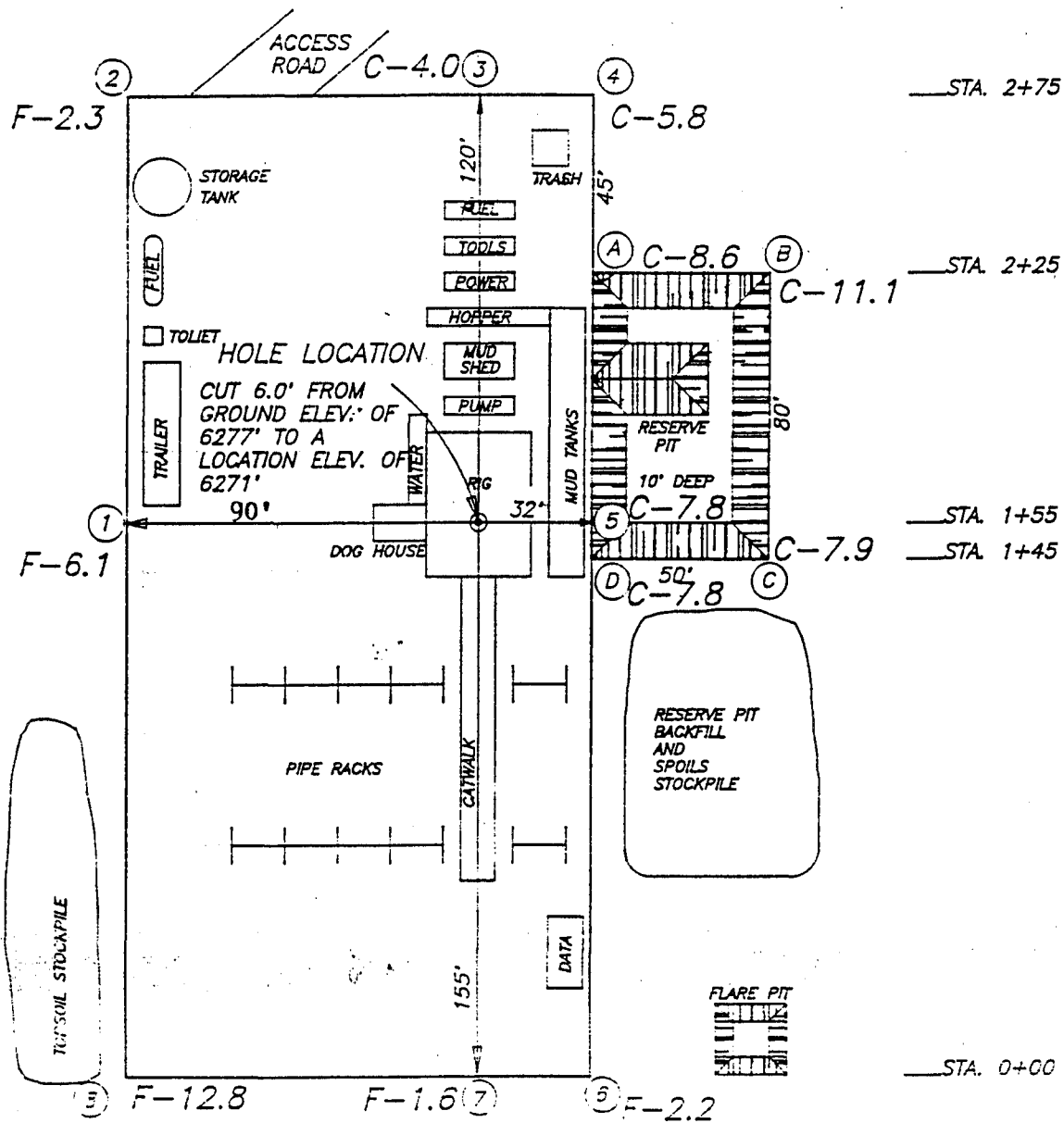
EXHIBIT "D"



INLAND PRODUCTION CO.

WELL LAYOUT PLAT

ASHLEY FEDERAL #7-23

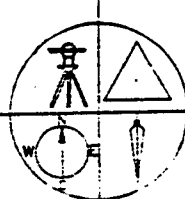
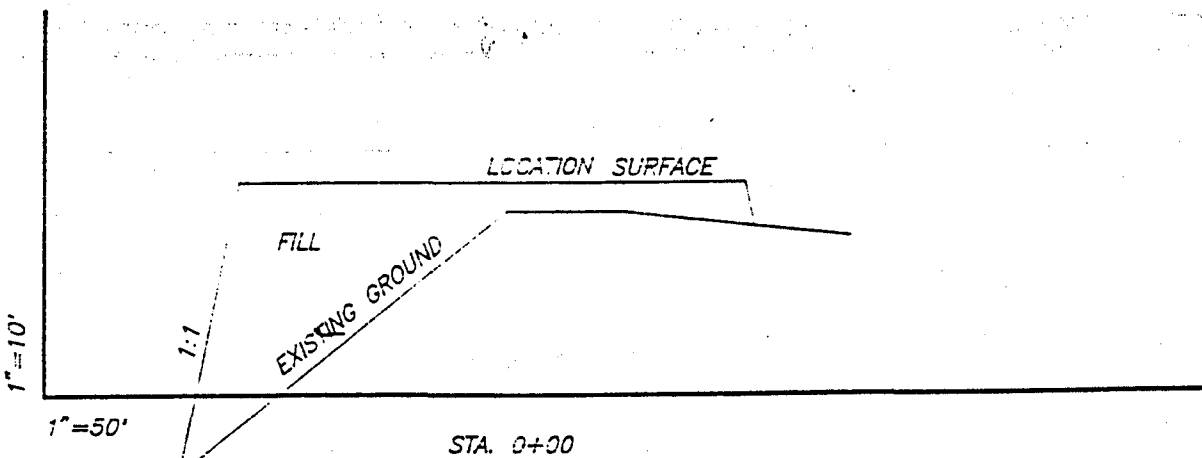
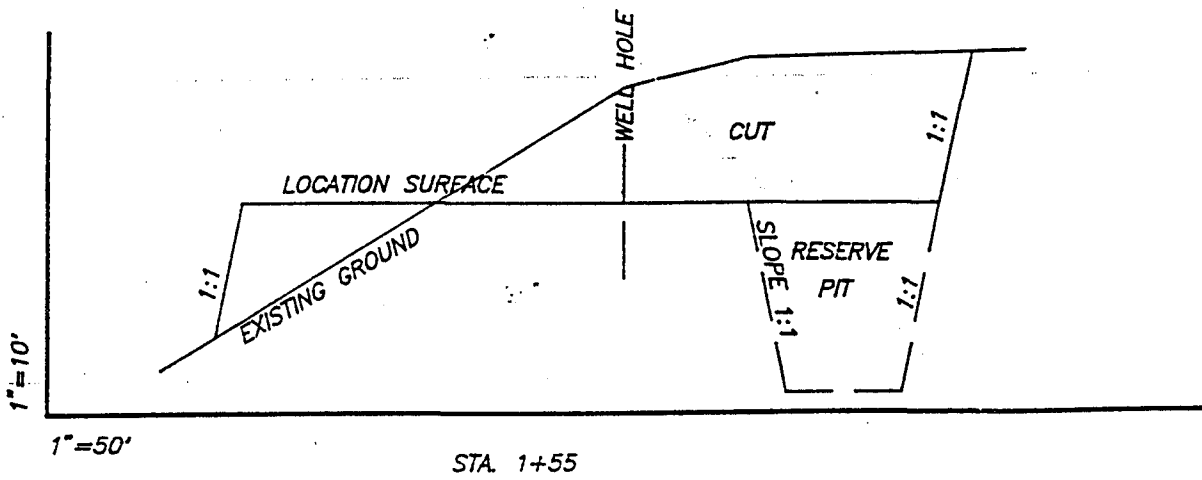
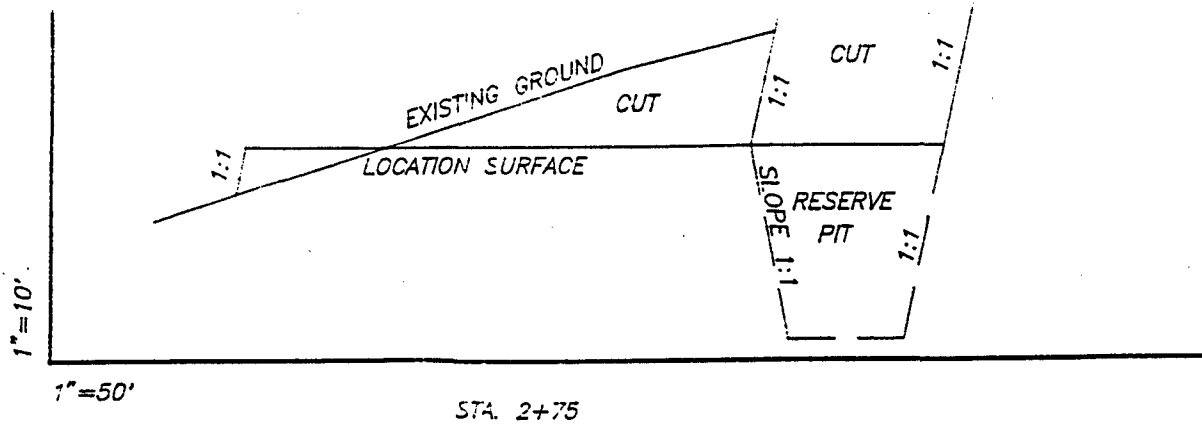


APPROXIMATE QUANTITIES

CUT: 5500 CU. YDS. (INCLUDES PIT)

FILL: 3500 CU. YDS.

LOCATED IN THE SW 1/4 OF THE NE 1/4 OF SECTION 23,
TOWNSHIP 9 SOUTH, RANGE 15 EAST, S.L.B.&M.



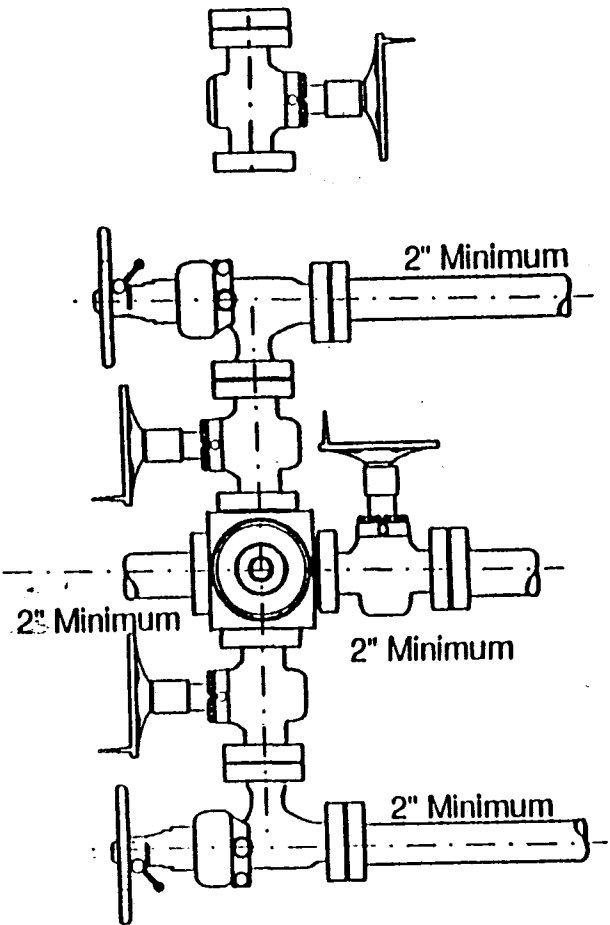
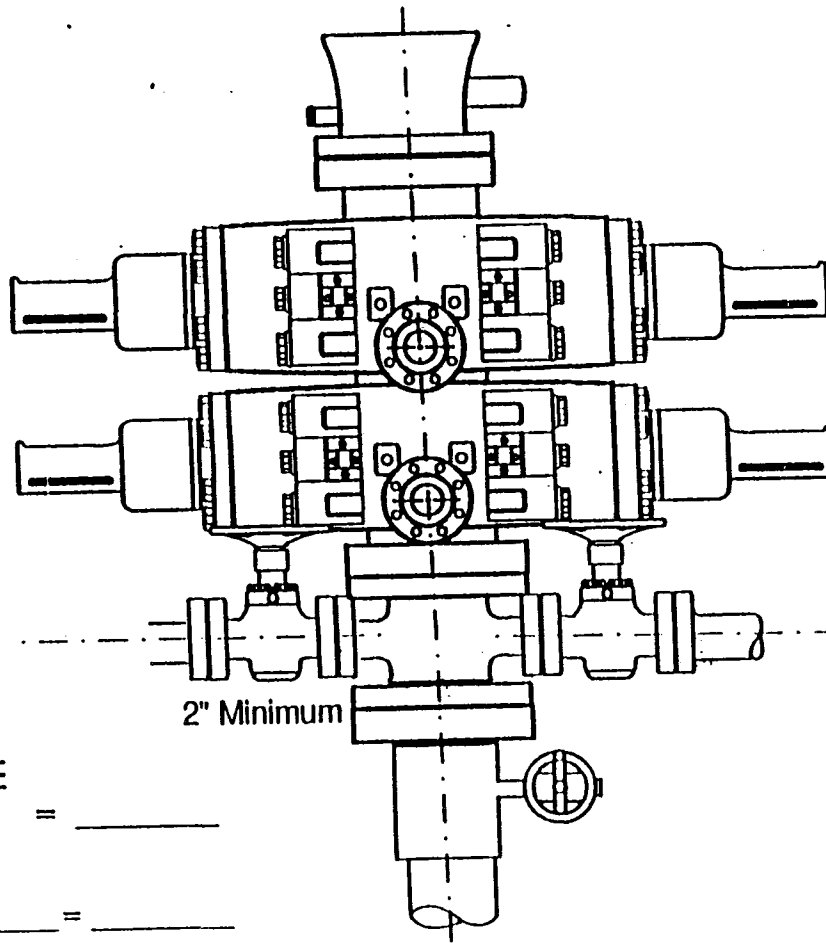
JERRY D. ALLRED AND ASSOCIATES
Surveying and Engineering Consultants

121 NORTH CENTER STREET
P.O. BOX 975
DUCHESNE, UTAH 84021
(801) 738-5352

RAM TYPE B.O.P.
 Make:
 Size:
 Model:

2-M SYSTEM

EXHIBIT F



GAL TO CLOSE
 Annular BOP = _____
 Ramtype BOP
 _____ Rams x _____ = _____
 = _____ Gal.
 _____ x 2 = _____ Total Gal.

Rounding off to the next higher
 increment of 10 gal. would require
 _____ Gal. (total fluid & nitro volume)

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/23/97

API NO. ASSIGNED: 43-013-31785

WELL NAME: ASHLEY FEDERAL 7-23
OPERATOR: INLAND PRODUCTION COMPANY (N5160)

PROPOSED LOCATION:
SWNE 23 - T09S - R15E
SURFACE: 1830-FNL-1962-FEL
BOTTOM: 1830-FNL-1962-FEL
DUCHESNE COUNTY
UNDESIGNATED FIELD (002)

LEASE TYPE: FED
LEASE NUMBER: U - 66185

PROPOSED PRODUCING FORMATION: GRRV

INSPECT LOCATION BY: / /

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Federal [☒ State[] Fee[]
(Number 448894M)
☒ Potash (Y/N)
☒ Oil shale (Y/N)
☒ Water permit
(Number GILSONITE STATE 7-32)
☒ RDCC Review (Y/N)
(Date: _____)

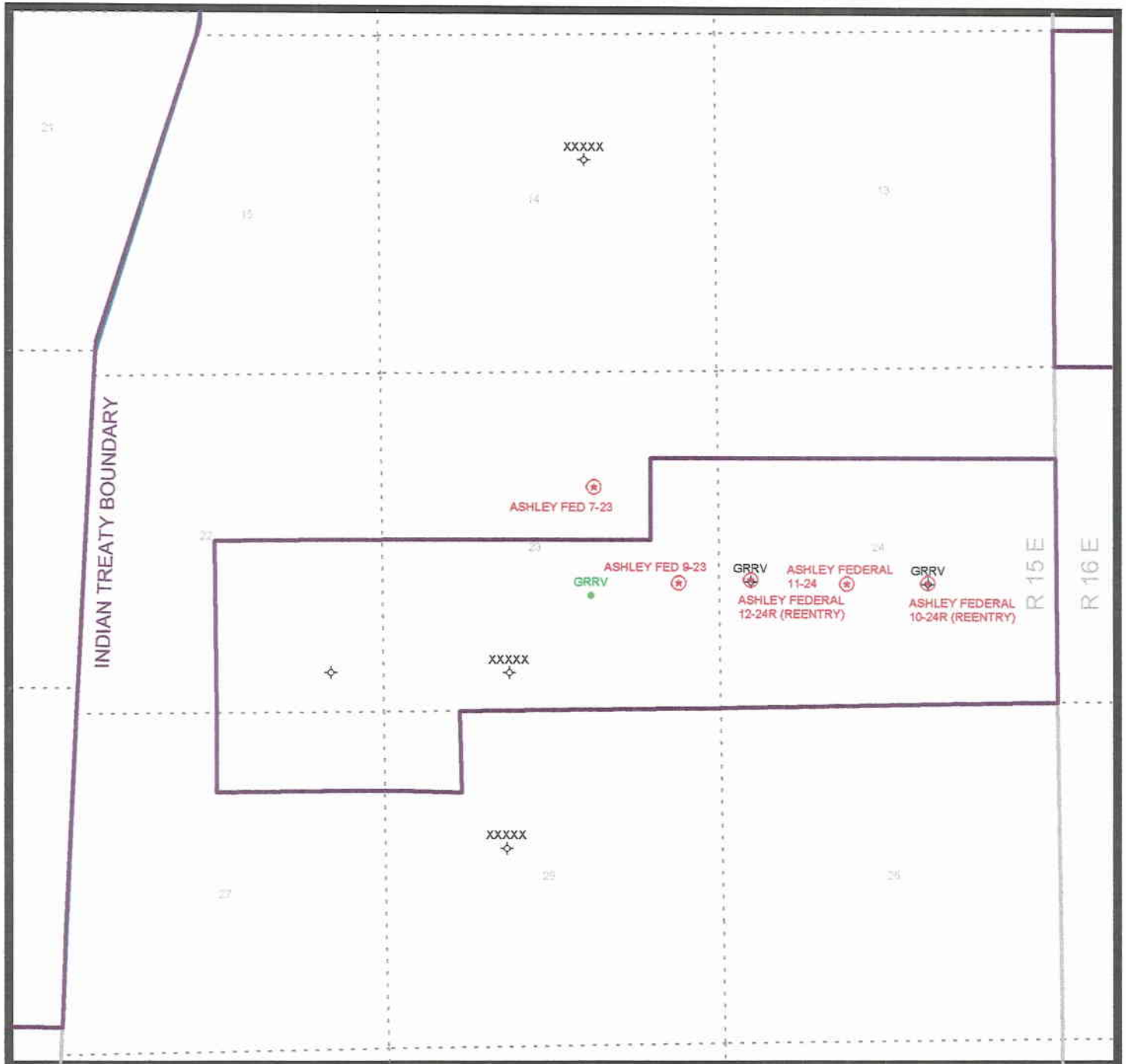
LOCATION AND SITING:

____ R649-2-3. Unit: _____
☒ R649-3-2. General.
____ R649-3-3. Exception.
____ Drilling Unit.
Board Cause no: _____
Date: _____

COMMENTS: _____

STIPULATIONS: _____

OPERATOR: INLAND PRODUCTION
FIELD: MONUMENT BUTTE (105)
SECTION: 23, T9S, R15E
COUNTY: DUCHESNE
SPACING: UAC R649-3-2



PREPARED:
DATE: 23-JAN-97



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

April 21, 1997

Inland Production Company
P.O. Box 790233
Vernal, Utah 84079

Re: Ashley Federal 7-23 Well, 1830' FNL, 1962' FEL, SW NE,
Sec. 23, T. 9 S., R. 15 E., Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-31785.

Sincerely,

Lowell P. Braxton
Deputy Director

lwp

Enclosures

cc: Duchesne County Assessor

Bureau of Land Management, Vernal District Office

Operator: Inland Production Company
Well Name & Number: Ashley Federal 7-23
API Number: 43-013-31785
Lease: U-66185
Location: SW NE Sec. 23 T. 9 S. R. 15 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334 or Mike Hebertson at (801) 538-5333.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

RECEIVED
 APR 15 1998
 DIV. OF OIL, GAS & MINING

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

FORM APPROVED
 Budget Bureau No. 1004-0135
 Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry a different reservoir.
 Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.
U-66185

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
Ashley Unit

8. Well Name and No.
Ashley Federal #7-23

9. API Well No.
43-013-31785

10. Field and Pool, or Exploratory Area
Ashley

11. County or Parish, State
DUCHESNE COUNTY, UTAH

SUBMIT IN TRIPLICATE

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
INLAND PRODUCTION COMPANY

3. Address and Telephone No.
P.O. Box 790233 Vernal, UT 84079 (435) 789-1866

4. Location of Well (Footage, Sec., T., R., m., or Survey Description)
SW/NE 1830' FNL & 1962' FEL Sec. 23, T9S, R15E

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other APD Extension
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is direction-ally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Inland Production Company requests that a one year extension to the APD be granted to the above referenced location. There has been no surface disturbance for this proposed drill site.

14. I hereby certify that the foregoing is true and correct

Signed Cheryl Cameron Title Regulatory Compliance Specialist Date 4/9/98

(This space for Federal or State office use)

Approved by Bradley G. Hill Title BRADLEY G. HILL RECLAMATION SPECIALIST III Date 4/20/98

Conditions of approval, if any:
CC: UTAH DOGM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT5. LEASE DESIGNATION AND SERIAL NO.
U-66185

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** ☒ **DEEPEN**

1b. TYPE OF WELL

OIL GAS SINGLE MULTIPLE
WELL ☒ WELL ☐ OTHER ☐ ZONE ☐ ZONE ☐

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Ashley Federal

2. NAME OF OPERATOR

Inland Production Company

9. WELL NO.

#7-23

3. ADDRESS OF OPERATOR

P.O. Box 790233 Vernal, UT 84079**Phone: (801) 789-1866**

10. FIELD AND POOL OR WILDCAT

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At Surface **SW/NE**At proposed Prod. Zone **1830' FNL & 1962' FEL**11. SEC., T., R. M., OR BLK.
AND SURVEY OR AREA**Sec. 23, T9S, R15E**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 ± Miles southwest of Myton, Utah

12. County

Duchene

13. STATE

UT15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY
OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)**1830'**

16. NO. OF ACRES IN LEASE

2286

17. NO. OF ACRES ASSIGNED TO THIS WELL

4018. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL,
DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.**1680'**

19. PROPOSED DEPTH

6500'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6277' GR

22. APPROX. DATE WORK WILL START*

First Quarter 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	300'	120 sx
7 7/8"	5 1/2"	15.5#	TD	400 sx followed by 330 sx
				See Detail Below

The actual cement volumes will be calculated off of the open hole logs, plus 15% excess.

SURFACE PIPE - Premium Plus Cement, w/ 2% CaCl₂, 1/4# Flocele/skWeight: 14.8 PPG YIELD: 1.37 Cu Ft/sk H₂O Req: 6.4 Gal/sk

LONG STRING - Lead: Hibond 65 Modified

Weight: 11.0 PPG YIELD: 3.00 Cu Ft/sk H₂O Req: 18.08 Gal/sk

Tail: Premium Plus Thixotropic

Weight: 14.2 PPG YIELD: 1.59 Cu Ft/sk H₂O Req: 7.88 Gal/sk

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone.

If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

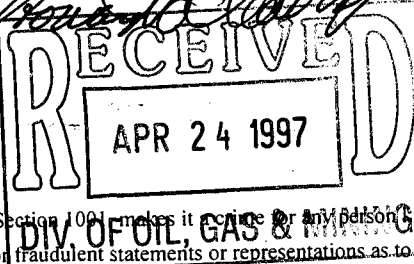
SIGNED

Brad MechamTITLE **District Manager**DATE **1/10/97**

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:**Assistant Field Manager
Mineral Resources****APR 18 1997**

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 makes it crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DOGM

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Inland Production Company

Well Name & Number: Ashley Federal 7-23

API Number: 43-013-31785

Lease Number: U -66185

Location: SWNE Sec. 23 T. 9S R. 15E

NOTIFICATION REQUIREMENTS

- | | | |
|---------------------------------|---|---|
| Location Construction | - | at least forty-eight (48) hours prior to construction of location and access roads. |
| Location Completion | - | prior to moving on the drilling rig. |
| Spud Notice | - | at least twenty-four (24) hours prior to spudding the well. |
| Casing String and Cementing | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings. |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the usable water, identified at 792 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to \pm 592 ft., and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (801) 789-7077
Petroleum Engineer

Wayne P. Bankert (801) 789-4170
Petroleum Engineer

Jerry Kenczka (801) 789-1190
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

SURFACE USE PROGRAM

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Should mud holes develop, they shall be filled in to prevent detours. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road.

All vehicle travel will be confined to existing access road rights-of-way.

The trees and brush should be windrowed between stakes 6 and 8.

The topsoil should be windrowed between stakes 2 and 8 instead of being piled as shown on the cut sheet.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm/gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

April 29, 1999

Inland Production Company
Route 3 Box 3630
Myton UT 84052

Re: Notification of Expiration
Well No. Ashley Federal 7-23
SWNE, Section 23, T9S, R15E 43-013-31785
Lease No. U-66185
Uintah County, Utah

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on April 18, 1997. Inland Production Company requested an extension of the original APD approval for an additional year. The request was reviewed and the extension approved until April 18, 1999. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

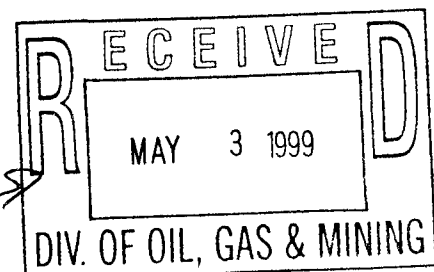
This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M

DOG-M
'LA' DATE



From: Margie Herrmann ~~errman~~@ut.blm.gov>
To: NRDOMAIN.NROGM(DSTALEY)
Date: 5/22/98 1:24pm
Subject: APD Status -Reply - Reply

OK - Here is what I found out.

>>> Don Staley <nrogm.dstaley@state.ut.us> 05/22 10:27 am >>>
Hi Margie,

Thanks for your help, but you're not off the hook yet! I'm still wondering about the status of the following three Inland wells. They submitted requests for extensions back in April. Did the BLM extend their approval?

43-013-31785	23-9S-15E	Ashley Fed 7-23 - EXTENDED to 4/21/99
43-013-31920	27-8S-16E	Mon Butte Fed 14-27- EXTENDED to 8/26/99
43-013-31890	33-8S-17E	Tar Sands Fed 15-33- EXTENDED to 8/14/99

ALSO, here are more that are about due to expire any time now:

Barrett	Ute Tribal 8-25	43-013-31835	25-5S-5W- - to 4/16/99
EXTENDED			
Barrett	Ute Tribal 7-21	43-013-31838	21-5S-4W- - to 5/20/99
EXTENDED			
Conoco	Federal 31-57	43-013-31838	21-5S-4W- - CAN'T
FIND THIS - SAME API AS 7-21			
Inland	Mon Fed 24-31-8-16	43-013-31780	31-8S-16E- LA'D eff. 7/2/98
RESCINDED/EXPIRED			
Inland	Ashley Fed 7-23	43-013-31785	23-9S-15E-
SEE ABOVE			
Petroglyph	Ute Tribal 04-10	43-013-31728	to 10/28/98
4-5S-3W- EXTENDED			
Petroglyph	Ute Tribal 08-08	43-013-31877	8-5S-3W- to 5/5/99
EXTENDED			
Petroglyph	Ute Tribal 08-09	43-013-31878	8-5S-3W- to 5/5/99
EXTENDED			
Petroglyph	Ute Tribal 09-13	43-013-31880	9-5S-3W- to 5/5/99
EXTENDED			
Petroglyph	Ute Tribal 17-08	43-013-31881	17-5S-3W- to 5/5/99
EXTENDED			

Hope this helps - have a nice weekend!
Margie